

Message Text

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ACTION IO-14

INFO OCT-01 ARA-16 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 DOTE-00

FMC-04 CG-00 COA-02 DLOS-06 PA-04 PRS-01 USIA-15

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TAGS: EGEN, VE

SUBJECT: VENEZUELAN VIEWS ON SHORTAGES OF PRIMARY MATERIALS

REF: STATE 40930

1. VENEZUELAN VIEWS ON PROBLEMS OF SHORTAGES OF PRIMARY INDUSTRIAL MATERIALS SHOULD BE OF PARTICULAR INTEREST TO OFFICIALS PLANNING

FOR UN DISCUSSION OF THIS PROBLEM IN APRIL, BECAUSE VENEZUELA IS MAJOR OIL EXPORTER WITH GREATEST EXPERIENCE AND DIFFICULTIES WITH PRIMARY INDUSTRIAL MATERIAL SHORTAGES AND ITS PRINCIPAL SUPPLIER IN ALMOST ALL CASES IS UNITED STATES. PRESIDENT CARLOS ANDRES PEREZ IN HIS INAUGURAL SPEECH MARCH 12 MENTIONED SHORTAGE PROBLEM AS ONE OF CRITICAL ONES CONFRONTING NATION, BUT DID NOT ELABORATE UPON HIS VIEWS. MORE DETAILED VIEWS WERE PRESENTED IN EL NACIONAL INTERVIEW PUBLISHED MARCH 14 WITH DR. JOSE IGNACIO CASAL, NEWLY APPOINTED DIRECTOR OF INDUSTRIES IN MINISTRY OF COMMERCE AND DEVELOPMENT (FOMENTO) AND FORMER EXECUTIVE DIRECTOR OF UNCLASSIFIED

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CARACAS CHAMBER OF INDUSTRY AND OF VENEZUELAN COUNCIL OF INDUSTRY,

WHO AMBASSADOR WAS INFORMED BY CORDIPLAN CHIEF IS
TO BE HEAD OF NEW ADMINISTRATIONS'S COMMITTEE DEALING WITH
PROBLEM OF SHORT SUPPLY.

2. EL NACIONAL ARTICLE (INFORMALLY TRANSLATED BY EMBASSY) READS
AS FOLLOWS: QUOTE THROUGH DIRECTORATE GENERAL OF INDUSTRIES,
MINISTRY OF COMMERCE AND DEVELOPMENT INITIATED ACTION ON NATIONAL
AND INTERNATIONAL SCALE TO RESOLVE GRAVE PROBLEM OF LACK OF PRIMARY
MATERIALS, IN ORDER TO AVOID PARALYZING OF CERTAIN COMPANIES.
CENTRAL PROBLEM, ACCORDING TO FIRST DIAGNOSIS OF NEW AUTHORITIES
OF MINISTRY IS NOW ABOVE ALL LACK OF WAREHOUSES AND OF SHIPS TO
TRANSPORT PRIMARY MATERIALS TO VENEZUELA, ALTHOUGH THERE IS ALSO
STRONG EXTERNAL INFLATIONARY PRESSURE WHICH THROUGH PRIMARY
MATERIALS INCREASES COSTS OF VENEZUELAN MANUFACTURING PROCESSES.

3. DIRECTOR GENERAL OF INDUSTRIES, DR JOSE IGNACIO CASAL, WHO
COMES IMMEDIATELY FROM STUDYING THESE PROBLEMS IN PRIVATE SECTOR
AS DIRECTOR AND TECHNICIAN OF VENEZUELAN COUNCIL OF INDUSTRY, TALKED
YESTERDAY WITH CHIEF OF OUR ECONOMIC SECTION, INDICATING THAT
PRECISELY MOST URGENT TASK ESTABLISHED BY MINISTER (OF COMMERCE
AND DEVELOPMENT) CARMELO LAURIA FOR THAT DIRECTORATE IS
FORMULATION OF URGENT ACTIONS TO BE UNDERTAKEN IMMEDIATELY TO
RESOLVE GRAVE PROBLEM OF SUPPLY OF PRIMARY MATERIALS.

4. IN DIRECTORATE GENERAL OF INDUSTRIES SAID DR. JOSE IGNACIO
CASAL, WE DO NOT EVEN HAVE TIME TO MAKE COMPLETE GENERAL EVALUATION
OF ALL MATERIALS THE OFFICE HAS IN THIS FIELD. NEITHER HAVE
WE HAD TIME, IN THIS FIRST DAY OF ACTIONS, TO THINK ABOUT
RESTRUCTURING THE DIRECTORATE OF INDUSTRIES INTO A DIRECTORATE
GENERAL, WITH FULLER PROJECTIONS FOR VENEZUELAN MANUFACTURING.

5. MOST URGENT TASK, THAT OF HIGHEST PRIORITY, ADDED CASAL, HAS
BEEN TO INITIATE CONCRETE ACTIONS TO SEE HOW TO RESOLVE PROBLEM
OF SUPPLY OF PRIMARY MATERIALS.

6. DR. JOSE IGNACIO CASAL OBSERVED THAT IN HIS SPECIFIC CASE,
HE HAD CERTAIN ADVANTAGE, IN THAT IN RECENT MONTHS HE HAS STUDIED
PROBLEM NOT ONLY AT LEVEL OF VENEZUELAN COUNCIL OF INDUSTRY BUT
ALSO IN NUMEROUS CONVERSATIONS WITH OFFICIALS OF PREVIOUS
ADMINISTRATION. HOWEVER, IT IS NECESSARY TO ACT WITH URGENCY,
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GIVING PROBLEM GREATEST PRIORITY. HE SAID ALSO THAT HE HAD HAD
URGENT MEETING WITH DIRECTOR OF CUSTOMS AND OTHER FINANCE
MINISTRY OFFICIALS, TO RESOLVE PORT PROBLEM. MOREOVER, HE WILL
INITIATE THIS VERY DAY MEETINGS WITH VENEZUELAN NAVIGATION
CORPORATION TO SEE IF THEY CAN OBTAIN CHARTERED SHIPS. HE ADDED
THAT COMPANIES HAVE OBTAINED PRIMARY MATERIALS, ALTHOUGH
AFFECTED BY STRONG INCREASES IN PRICE. GRAVE CRISIS IS THAT THOSE
PRIMARY MATERIALS HAVE NOT YET BEEN BROUGHT TO VENEZUELA. THE ARE

WAITING ON PIERS IN OTHER COUNTRIES FOR LACK OF SHIPS, IN ADDITION TO WHICH CERTAIN SHIPPING COMPANIES REFUSE TO OPERATE TO VENEZUELA.

7. HAVE YOU INITIATED MEETINGS WITH INDUSTRIAL SECTORS?

8. DR. CASAL REPLIED THAT HE HAS NOT CONSIDERED THIS NECESSARY IN THIS FIRST STEP OF ACTIONS. RATHER HE HAS ADOPTED AN OPEN DOOR POLICY IN WHICH ALL MANUFACTURING SECTORS THAT HAVE CERTAIN PLANS GO TO THE MINISTRY OF COMMERCE AND DEVELOPMENT TO TALK WITH HIM, ESPECIALLY IF IT IS A MATTER OF THIS GRAVE PROBLEM OF SUPPLY OF PRIMARY MATERIALS. HE SAID THAT THROUGH THESE STATEMENTS HE WISHED TO ISSUE A CALL TO INDUSTRIAL DIRECTORS THAT THEY MEET WITH DIRECTORATE GENERAL OF INDUSTRIES TO PLAN ABOUT PROBLEMS CONFRONTING THEM.

9. IN CONCLUSION, DR. CASAL SAID HE IS ALSO OCCUPIED WITH RESTRUCTURING DIRECTORATE TO CONVERT IT INTO DIRECTORATE GENERAL OF INDUSTRIES (SIC) . HE SAID THERE WILL BE GREAT CONTINUITY OF EMPLOYEES AND THAT HE WILL TRY TO INCREASE NUMBER OF TECHNICIANS, IN ORDER THAT THEY CAN FORMULATE AND CARRY OUT PROGRAMS IN DIVERSE FIELDS IN MANUFACTURING SECTOR. UNQUOTE.
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